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The Conference Board
70th Anniversary

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

* CONSUMER SPENDING REMAINS BOUYANT
* BUT BUSINESS INVESTMENT IS DECLINING
* INDUSTRIAL OUTPUT STILL FALLING
* EVEN THOUGH MANUFACTURED EXPORTS ARE ON THE RISE
* JOB GROWTH IS SLOWING
* NOW, INTEREST RATES ARE BEING CUT AGAIN
* OUTLOOK * THE FORECASTERS STILL SEE A BRIGHT SECOND HALF OF 1986, AFTER A VERY SLUGGISH FIRST HALF

OVERVIEW: Growing doubts about a resurgence of economic growth developing in the second half of 1986 led the Federal Reserve to cut the discount rate in early July. It remains to be seen whether that move will be the key, opening the door to a faster pace of activity.

To review, this expansion—now 4½ years old—has received megadoses of stimulus: a large dose of fiscal stimulus from the more than $200 billion Federal Budget deficit; a large dose of monetary stimulus from strong money growth and earlier interest-rate cuts; a generally narrowing trade deficit; rising manufactured exports; and finally, sharply lower energy prices. Yet, industrial output keeps slipping and there is no sign that new orders have stopped falling. Job growth has fallen, as has labor-force participation.

Despite repeatedly asserted misgivings about a possible, negative effect on the dollar or capital inflow, The Fed launched a new round of interest-rate reduction in early July in an obvious attempt to buttress flagging industrial production. Will it work? Will the economy strengthen in the second half? The **Economic Forecasts**, though answering "yes," have hedged a little. Two months ago, the median forecast for real GNP growth over the 4-quarter span ending in the fourth quarter of 1986 was 3.9 percent. This month—before the cut in the discount rate was announced, the median was down to 3.1 percent.

DOMESTIC MARKET MONITOR

The labor market is sending out some conflicting signals. Job growth has slowed. Hours worked have not risen much. At least some unemployed jobseekers seem to have stopped looking for work. Yet, The Conference Board's **Help-wanted Index**, a measure of labor demand, may finally be on an upturn.

The most positive labor-market development of late is an apparent rise in job advertising. The Conference Board's **Help-wanted Index** had declined to 128 (1967 = 100) in May, from 145 in December. Early returns to the June survey, however, indicate that a good deal of this loss may have been recovered. That might signal an improvement in job growth over the next few months.

The most negative aspect of recent labor-market developments is the drop in adult, labor-force participation. The adult-female labor force was 1.8% higher in June than 3 months earlier. The adult-male labor force was 0.8% lower. That disparity may indicate that a number of out-of-work men have simply given up trying to find a job.

The weakness in hiring is concentrated in manufacturing industries. Total factory employment was 0.6% lower in June than 3 months earlier. With that drop, and a shortened workweek, total manufacturing hours worked were 2.4% lower in June than 3 months earlier. However, nonmanufacturing hours have been rising quite slowly: only 0.6% higher in June than last December. Thus, not all of the weakness in the labor market has been strictly confined to the industrial sector.

Slow job growth, meager overall gains in hours worked and no significant change in hourly pay have resulted in only modest increases, at best, in wage income. To be sure, wage income in government was 1.4% higher in May than 3 months earlier, while wages in private business and health services were 2.1% higher. Elsewhere, wage income has been flat. But nonwage income was 2% higher, principally due to gains in rents, dividends and shopkeepers' income. That money, however, is generally not spent on furniture and appliances.

Yet, despite a lackluster pace of income gains and slow growth in borrowings, consumer spending remains reasonably strong. To be sure, retail sales were 0.1% lower in May than 3 months earlier. But nondurable goods were 1.7% lower due, in part, to a lower cost of gasoline and electricity. Durable-goods sales were 1.7% higher. In particular, furniture and appliances sales were 3.8% higher. That buying had been expected to pick up in the wake of strong home buying in recent months. Thus, the impetus driving strong home sales may be seeping into other areas.

Car buying has also apparently been stimulated: Selected price cuts and reduced financing on some models have given a lift to new domestic **Automobile Sales**. Seasonally-

Ken Goldstein, Editor

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255 Smyth Road
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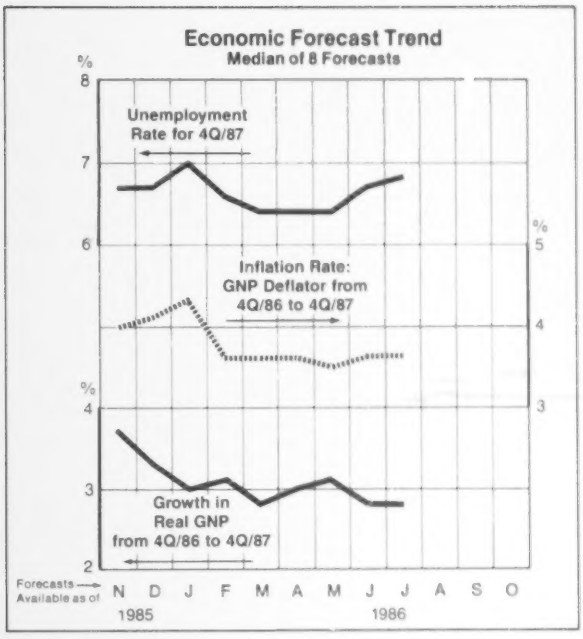
845 Third Avenue
New York, New York 10022

The Conference Board, Inc.
Avenue Louise, 207 Bte 5
B-1050 Brussels, Belgium



adjusted sales reached an annualized rate of 8½ million in May—the strongest pace since January.

Declining mortgage rates are still stimulating some areas of home buying and construction. New single-family home sales were 3.1% higher in May than 3 months earlier—despite declines in April and May. Single-unit construction was unchanged in May, after a torrid 4-month surge. But single-unit permits fell 3.6% in May. Multi-unit starts were off 20%, and permits were down 7.9% in May. Uncertainty over how the new tax code will treat rental income may be affecting multi-unit construction.

Given the stagnant conditions in factories, investment has slowed. Industrial production declined or was flat in each of the first 6 months of this year. By June, it was 2% lower than in December. The capacity utilization numbers show that more plant and equipment now stands idle. The Conference Board's survey of **Capital Appropriations and Expenditures** by the nation's 1,000 largest manufacturers shows that plant and equipment spending fell in the first quarter. Nonresidential construction continued to decline in the second quarter. Further, the survey indicated that manufacturing executives expect their capital spending to rise only by 2% this year. Three months earlier, those executives expected to spend 8% more this year than last.

The poor outlook for capital spending does not reflect declining business confidence. In fact, The Conference Board's survey of **Business Executives' Expectations** indicated a slight rise in attitudes in the first quarter that was sustained in the second quarter. Moreover—with exceptions in retail trade, business services and insurance—manufacturers are about as positive in outlook as executives in other sectors. Thus, there is widespread confidence in continued economic expansion. But along with it, there is widespread concern that capital investment will not benefit much from that expansion—at least not this year.

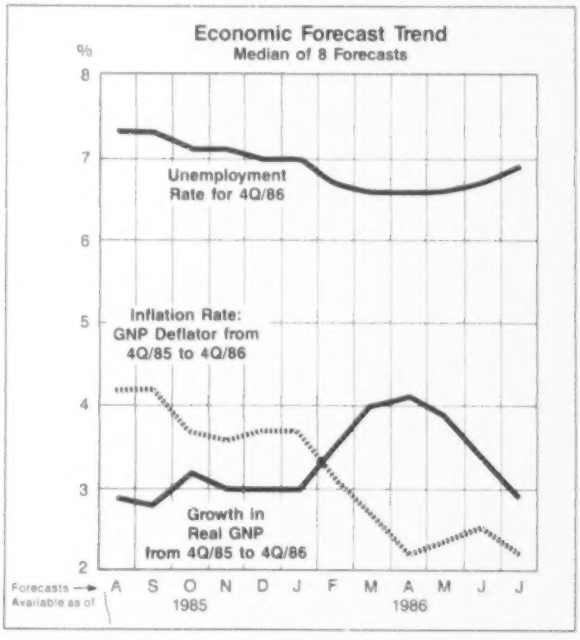
INTERNATIONAL MONITOR

Imports surged in May: 4.7% higher than 3 months earlier, despite a 27.2% drop in the dollar volume of fuel shipments. Manufactured imports were 7.8% higher. Transport equipment from Japan was 36.4% higher. Agricultural shipments were 13.7% higher.

While total exports have dipped, exports of manufactured products continue to rise. Fuel exports were 19.6% lower in May than 3 months earlier. Agricultural shipments were 23.9% lower. Manufactured goods were 10.7% higher, despite a 2.4% drop in nonelectric machinery and a 12.4% decline in aircraft and parts. Exports to EEC countries were 6.9% higher and exports to Japan were 8.1% higher. Lack of strong growth in other developed market economies, however, is limiting the rise in manufactured exports.

There has been concern about how far and fast the dollar has fallen. The trade-weighted average **Exchange Rate** of the dollar against other major currencies was 0.9% higher in June than May. Though the dollar has dropped sharply against the yen, it has not declined against some other Pacific-basin currencies, nor against the Canadian dollar.

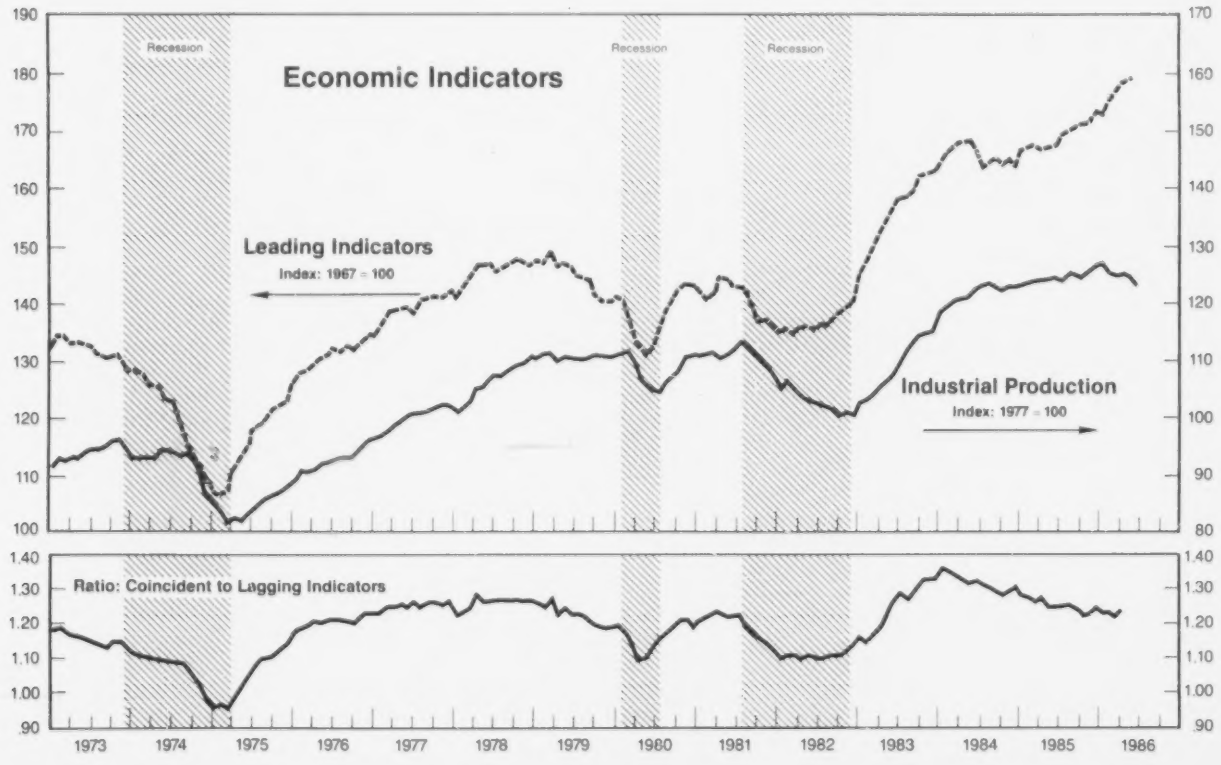
Ken Goldstein
July 15, 1986



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	May	X			2.0%	7.0%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	May		X		– 9.0%	– 0.6%
New orders, nondefense capital goods (deflated)	May		X		– 9.2%	4.2%
*New business formation	May		X		– 1.2%	4.7%
*Housing permits	May		X		– 1.1%	3.6%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	May		X		– 4.2%	– 0.0%
*Change in inventory, on hand & order (deflated)	Apr.	X			14.8%	26.8%
Purchasing agents' buying policy	June	X			2.0%	– 2.0%
*Vendor performance, reported slower deliveries	May	X			7.0%	11.0%
Industrial raw materials prices	June		X		0.6%	– 7.6%
*Change in sensitive material prices	May		X		– 0.1%	– 0.0%
Sensitive Financial Flows						
*Money balance (M2 deflated)	May	X			3.3%	6.3%
Change in business loans	May	X			78.9%	0.4%
*Change in credit outstanding	May		X		5.1%	– 2.3%
Change in consumer installment debt	Apr.			X	– 42.0%	– 40.7%
Profitability						
Total corporate profits, after tax (deflated)	1st Q			X	– 7.8%	– 2.4%
*Common stock prices	June	X			5.3%	29.6%
Marginal Employment Adjustments						
*Average workweek, mfg.	June		X		– 0.1hr	0.2hr
*Initial unemployment claims (inverted)	June	X			5.9%	5.6%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



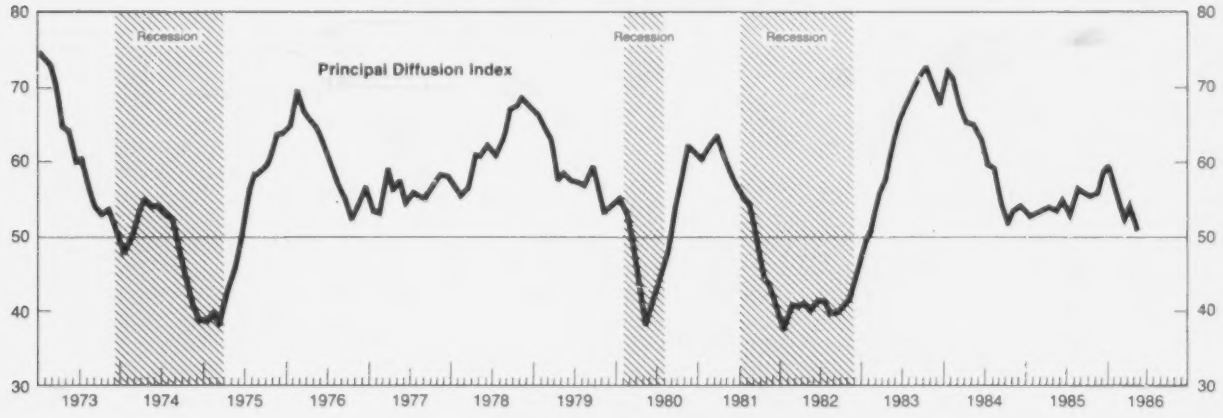
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985 May.	1986 Feb.	Mar.	Apr.	May(e)
Principal Diffusion Index	52.4	54.6	51.9r	54.7r	50.9
Auxillary Diffusion Index	44.0	33.5	40.9r	59.4r	37.6
Industrial Group	51.9	53.5	51.6r	53.2r	47.5
Nonindustrial Group	52.8	55.8	52.1	56.3r	54.4
Sense of Diffusion	1	1	1	1	0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	45.7	62.4	57.3r	63.2r	58.1
Labor	59.0	52.4	51.4r	53.8r	45.0
Miscellaneous	43.6	42.9	43.6	36.5	37.8
Nonindustrial Subgroups					
Prices	44.9	54.5	54.5	53.8	61.5
Consumer	65.4	67.9	63.2	69.2r	64.5
Building	56.1	49.4	41.3	50.0	42.9
Miscellaneous	43.4	48.7	46.6	49.1r	47.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1983 Nov.	1984 Feb.	May	Aug.	Nov.	1985 Feb.	May	Aug.	Nov.	1986 Feb.	May
					Score (scale 0-100)						
Measure of Business Confidence	74	70	65	61	57	61	52	51	55	61	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	80	76	75	70	57	62	48	45	53	63	61
2. Expectations for Economy, Six Months Ahead	73	67	60	57	57	61	53	53	56	62	62
3. Expectations for Own Industry, Six Months Ahead	70	67	61	57	58	61	55	54	56	59	60

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

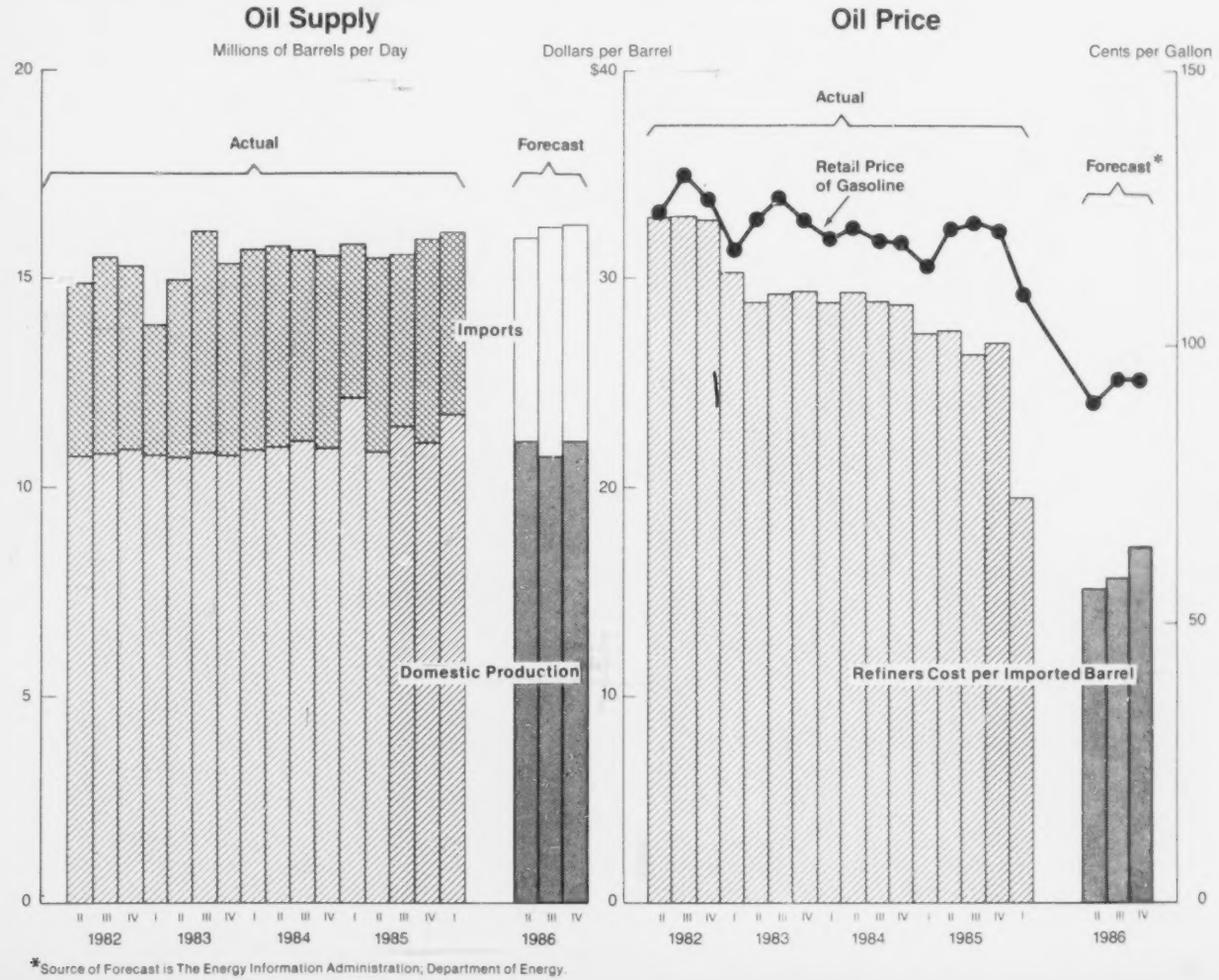
Billions of Dollars, Seasonally Adjusted

	1984		1985				1986	Percent Change From Previous Year	
	III	IV	Ir	IIr	IIIr	IVp	Ip	1985 Actual	1986 Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	27.309	29.100	29.938	27.560	24.167	27.190	24.504	- 8	- 4
Capital expenditures	23.034	24.587	23.354	24.911	24.730	26.336	23.922	10	2
Change in appropriations backlog*	+ 2.885	+ 2.302	+ 4.984	+ 0.529	-2.702	-2.594	-1.957		
Durable Goods									
New appropriations	12.742	15.072	16.737	10.910	12.031	12.005	12.651	- 13	4
Capital expenditures	11.101	12.223	11.648	12.814	12.299	12.676	11.719	15	5
Change in appropriations backlog*	+ 1.107	+ 1.797	+ 4.154	-2.515	-1.094	-3.063	-0.902		
Nondurable Goods									
New appropriations	14.567	14.028	13.201	16.650	12.136	15.185	11.853	- 2	-12
Capital expenditures	11.933	12.364	11.706	12.097	12.431	13.660	12.203	6	- 2
Change in appropriations backlog*	+ 1.778	+ 0.505	+ 0.830	+ 3.044	-1.608	+ 0.469	-1.055		
ELECTRIC & GAS UTILITIES									
New appropriations	9.863	11.554	9.283	15.037	4.907	8.541	10.001	9	
Capital expenditures	9.212	9.337	8.925	9.248	8.952	8.333	9.263	- 3	
Change in appropriations backlog*	- 1.607	- 3.147	+ 0.293	+ 4.723	-5.052	-0.272	+ 0.523		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

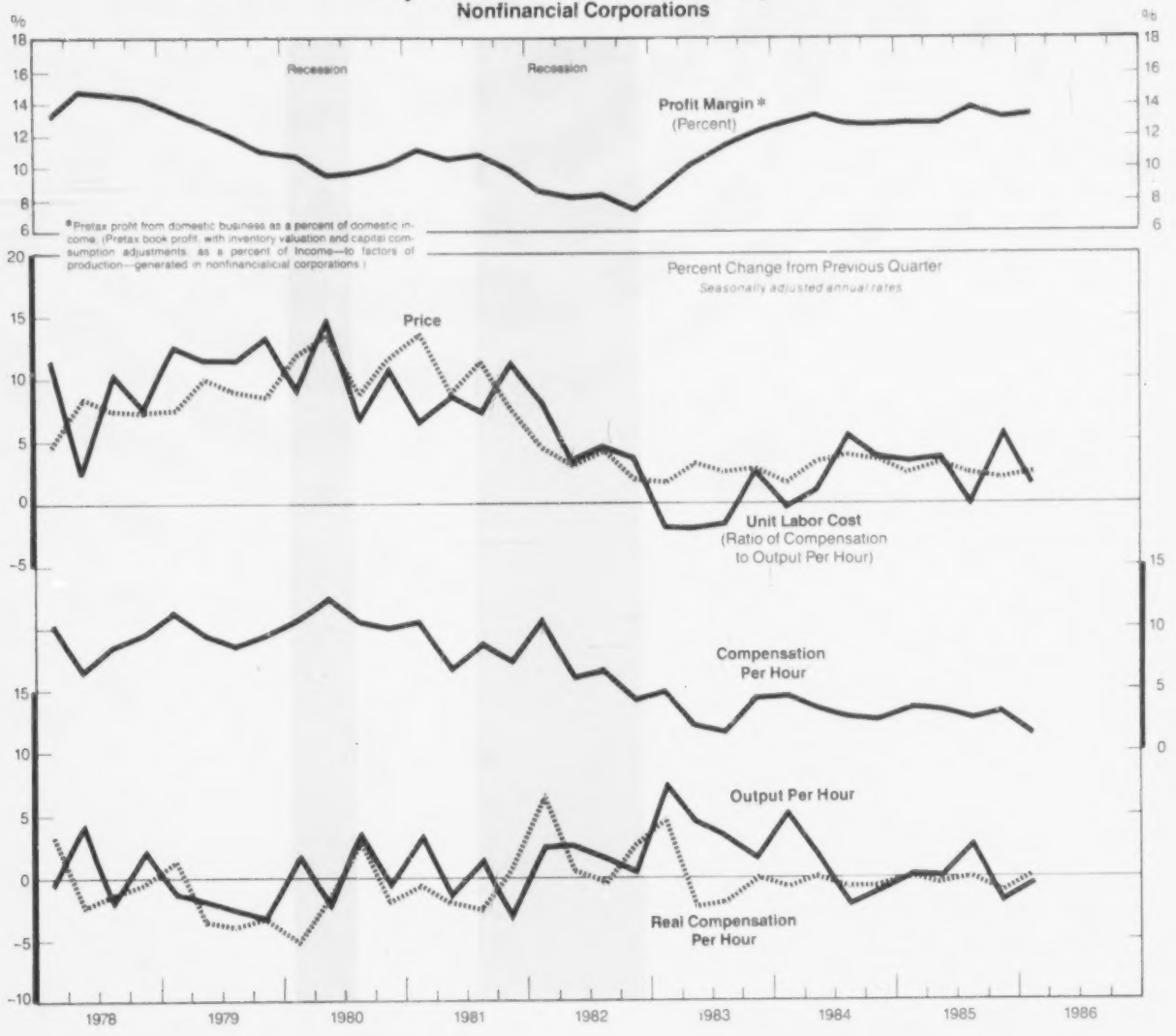
* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments).

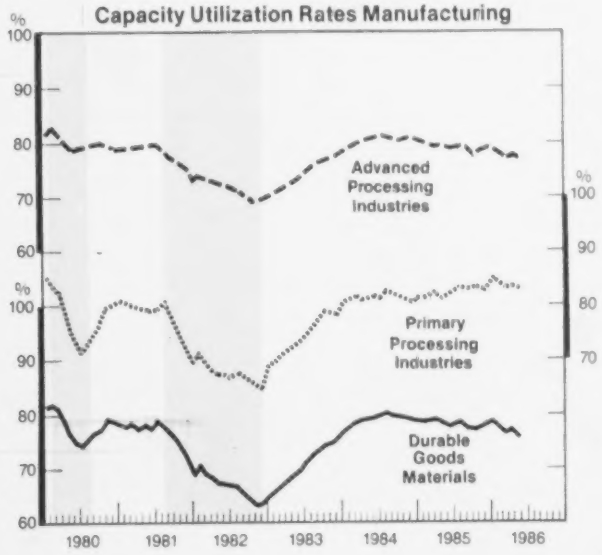


*Source of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin

Nonfinancial Corporations





ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*June, 1986*		*June, 1986*		*June, 1986*		*June, 1986*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1986**	**I**	**$4115.7**	**5.7%**	**$4115.7**	**5.7%**	**$4115.7**	**5.7%**	**$4115.7**	**5.7%**
		II	4167.2	5.1	4148.9	3.3	4143.9	2.8	4131.4	1.5
		III	4240.0	7.2	4207.5	5.5	4231.9	8.8	4205.0	7.3
		IV	4309.8	6.7	4269.6	6.0	4315.7	8.2	4278.1	7.1
	1987	I	4396.9	8.3	4332.7	6.0	4397.3	7.8	4338.5	5.8
		II	4483.0	8.1	4396.0	6.0	4468.8	6.7	4410.1	6.8
		III	4568.5	7.8	4460.5	6.0	4547.2	7.2	4464.7	5.0
		IV	4656.1	7.9	4523.8	5.8	4619.3	6.5	4515.2	4.8
	1988	I	4764.2	9.6			4677.3	5.1		
		II	4863.3	8.6			4733.1	4.9		
	1986	Annual	4208.2	5.5	4185.4	4.9	4201.8	5.3	4182.6	4.9
	1987	Annual	4526.1	7.6	4428.3	5.8	4508.2	7.3	4432.1	6.0
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1986**	**I**	**$3616.9**	**2.9%**	**$3616.9**	**2.9%**	**$3616.9**	**2.9%**	**$3616.9**	**2.9%**
		II	3648.1	3.5	3634.1	1.9	3651.0	3.8	3630.4	1.5
		III	3691.0	4.8	3680.9	5.3	3696.0	5.0	3662.6	3.6
		IV	3725.5	3.8	3692.2	1.2	3743.0	5.2	3688.0	2.8
	1987	I	3764.9	4.3	3716.2	2.6	3781.0	4.1	3708.1	2.2
		II	3808.1	4.7	3739.7	2.6	3813.0	3.4	3724.7	1.8
		III	3845.1	3.9	3763.2	2.5	3847.0	3.6	3733.1	.9
		IV	3876.7	3.3	3786.2	2.5	3872.0	2.6	3737.7	.5
	1988	I	3912.7	3.8			3888.0	1.7		
		II	3945.0	3.3			3902.0	1.4		
	1986	Annual	3670.4	2.8	3656.0	2.4	3676.7	3.0	3649.5	2.2
	1987	Annual	3823.7	4.2	3751.3	2.6	3828.3	4.1	3725.9	2.1
Gross National Product deflator Index, 1982 = 100										
Actual	**1986**	**I**	**113.8**	**2.7%**	**113.8**	**2.7%**	**113.8**	**2.7%**	**113.8**	**2.7%**
		II	114.2	1.6	114.2	1.3	113.5	-1.0	113.8	.0
		III	114.9	2.3	114.3	.5	114.5	3.6	114.8	3.6
		IV	115.7	2.8	115.6	4.7	115.3	2.8	116.0	4.2
	1987	I	116.8	3.9	116.6	3.3	116.3	3.5	117.0	3.5
		II	117.7	3.2	117.5	3.3	117.2	3.1	118.4	4.9
		III	118.8	3.8	118.5	3.4	118.2	3.5	119.6	4.1
		IV	120.1	4.4	119.5	3.3	119.3	3.8	120.8	4.1
	1988	I	121.8	5.6			120.3	3.4		
		II	123.3	5.1			121.3	3.4		
	1986	Annual	114.6	2.6	114.5	2.5	114.3	2.3	114.6	2.6
	1987	Annual	118.4	3.2	118.0	3.1	117.8	3.0	119.0	3.8
Unemployment Rate										
Actual	**1986**	**I**		**7.1%**		**7.1%**		**7.1%**		**7.1%**
		II		7.0		7.3		7.2		7.2
		III		6.8		7.2		7.1		7.0
		IV		6.7		7.2		7.0		6.9
	1987	I		6.5		7.2		6.8		6.7
		II		6.3		7.2		6.8		6.7
		III		6.2		7.2		6.8		6.6
		IV		6.0		7.2		6.9		6.5
	1988	I		5.9				7.0		
		II		5.8				7.1		
	1986	Annual		6.9		7.2		7.1		7.1
	1987	Annual		6.2		7.2		6.8		6.6

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (second revision) first quarter data.

ECONOMIC FORECASTS (continued)

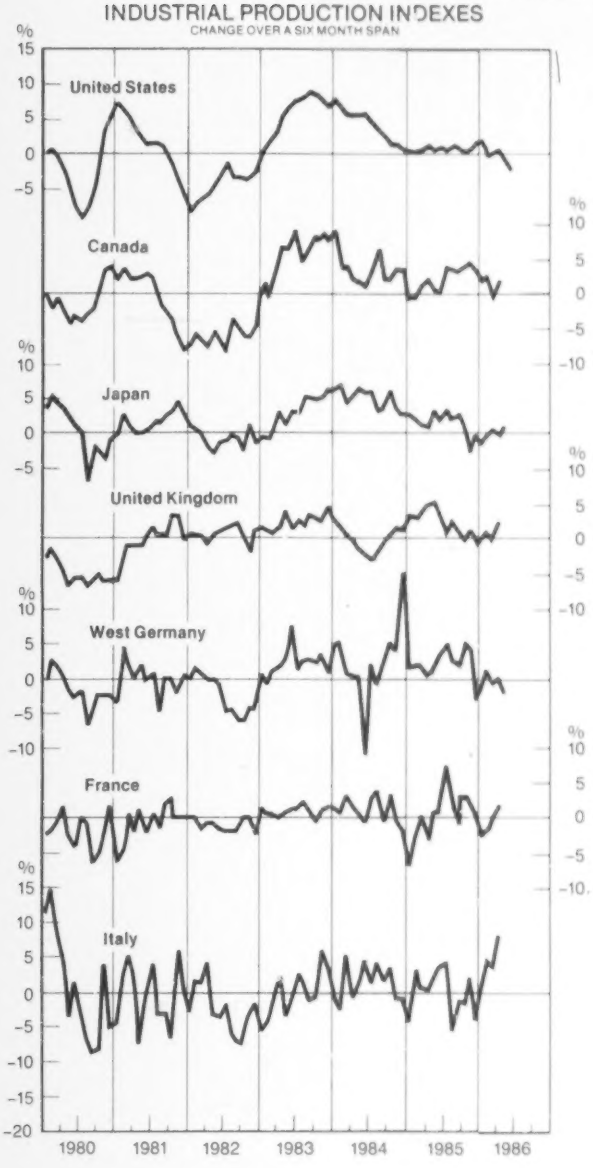
The Conference Board[1]		Chase Econometric[1] Associates, Inc.		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
June, 1986		June, 1986		June, 1986		June, 1986		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4115.7	**5.7%**	**$4115.7**	**5.7%**	**$4115.7**	**5.7%**	**$4115.7**	**5.7%**	**I**	**1986**	**Actual**
4160.0	4.4	4145.9	3.0	4164.4	4.8	4155.5	3.9	II		
4214.0	5.3	4201.5	5.5	4219.1	5.4	4202.1	4.6	III		
4278.0	6.2	4264.8	6.2	4258.6	3.8	4277.4	7.4	IV		
4344.0	6.3	4329.0	6.2	4320.2	5.9	4358.0	7.8	I	1987	
4378.0	3.2	4389.8	5.7	4382.8	5.9	4435.0	7.3	II		
4434.0	5.2	4465.1	7.0	4446.2	5.9	4504.8	6.4	III		
4514.0	7.4	4544.5	7.3	4513.7	6.2	4569.5	5.9	IV		
		4627.9	7.5	4605.3	6.4	4643.2	6.6	I	1988	
		4703.2	6.7	4685.6	7.2	4723.8	7.1	II		
4191.9	5.1	4182.0	4.8	4189.5	5.0	4187.7	5.0	Annual	1986	
4417.5	5.4	4432.1	6.0	4415.7	5.4	4466.8	6.7	Annual	1987	
								Gross National Product Billions of Constant (1982) Dollars		
$3616.9	**2.9%**	**$3616.9**	**2.9%**	**$3616.9**	**2.9%**	**$3616.9**	**2.9%**	**I**	**1986**	**Actual**
3633.2	1.8	3635.9	2.1	3638.8	2.4	3641.5	2.7	II		
3651.4	2.0	3664.0	3.1	3672.5	3.8	3668.2	3.0	III		
3675.0	2.6	3694.7	3.4	3688.3	1.7	3710.1	4.6	IV		
3700.6	2.8	3716.5	2.4	3713.0	2.7	3757.9	5.3	I	1987	
3700.6	.0	3739.3	2.5	3745.4	3.5	3796.2	4.1	II		
3713.6	1.4	3763.8	2.6	3772.6	2.9	3821.9	2.7	III		
3743.0	3.2	3783.3	2.1	3798.0	2.7	3840.7	2.0	IV		
		3812.4	3.1	3832.4	3.7	3862.4	2.3	I	1988	
		3838.8	2.8	3862.8	3.2	3889.5	2.8	II		
3644.1	2.1	3652.9	2.3	3654.1	2.4	3659.2	2.5	Annual	1986	
3714.5	1.9	3750.7	2.7	3757.3	2.8	3804.2	4.0	Annual	1987	
								Gross National Product deflator Index, 1982 = 100		
113.8	**2.7%**	**113.8**	**2.7%**	**113.8**	**2.7%**	**113.8**	**2.7%**	**I**	**1986**	**Actual**
114.5	2.5	114.0	.8	114.4	2.3	114.1	1.1	II		
115.4	3.2	114.7	2.3	114.9	1.5	114.6	1.6	III		
116.4	3.5	115.4	2.7	115.5	2.0	115.3	2.6	IV		
117.4	3.4	116.5	3.7	116.4	3.1	116.0	2.4	I	1987	
118.3	3.2	117.4	3.2	117.0	2.3	116.8	3.0	II		
119.4	3.7	118.6	4.3	117.9	2.9	117.9	3.6	III		
120.6	4.1	120.1	5.1	118.8	3.4	119.0	3.8	IV		
		121.4	4.3	120.2	4.5	120.2	4.2	I	1988	
		122.5	3.8	121.3	3.8	121.5	4.2	II		
115.0	3.0	114.5	2.5	114.6	2.6	114.4	2.4	Annual	1986	
118.9	3.4	118.2	3.2	117.5	2.5	117.4	2.6	Annual	1987	
								Unemployment Rate		
	7.1%		**7.1%**		**7.1%**		**7.1%**	**I**	**1986**	**Actual**
	7.1		7.3		7.2		7.2	II		
	7.3		7.0		7.0		7.2	III		
	7.3		7.1		6.9		6.8	IV		
	7.3		7.0		6.9		6.8	I	1987	
	7.6		7.1		6.8		6.6	II		
	7.8		7.0		6.8		6.5	III		
	7.7		6.9		6.7		6.5	IV		
			6.9		6.6		6.6	I	1988	
			6.8		6.6		6.7	II		
	7.2		7.1		7.1		7.1	Annual	1986	
	7.6		7.0		6.8		6.6	Annual	1987	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

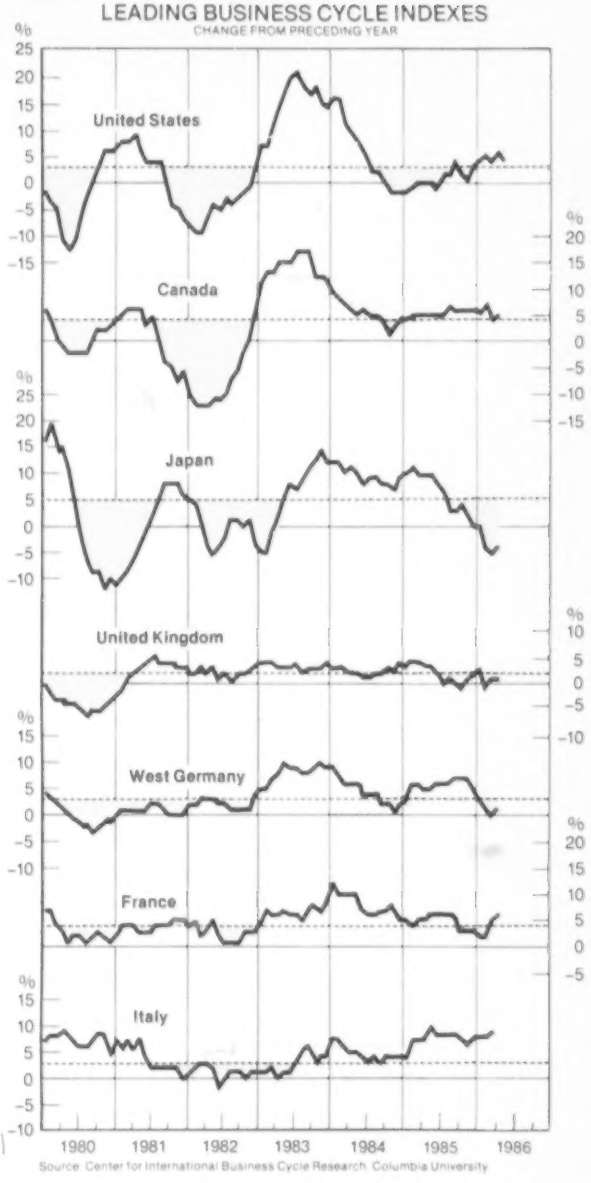
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

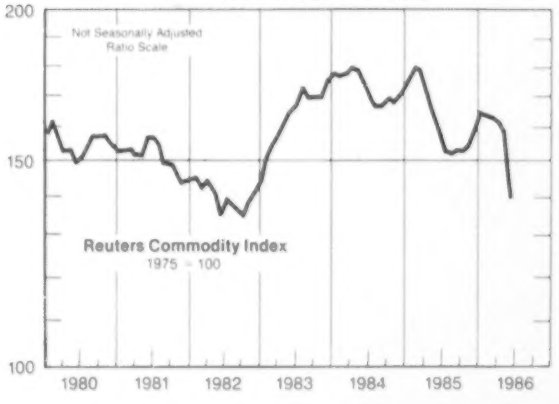
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

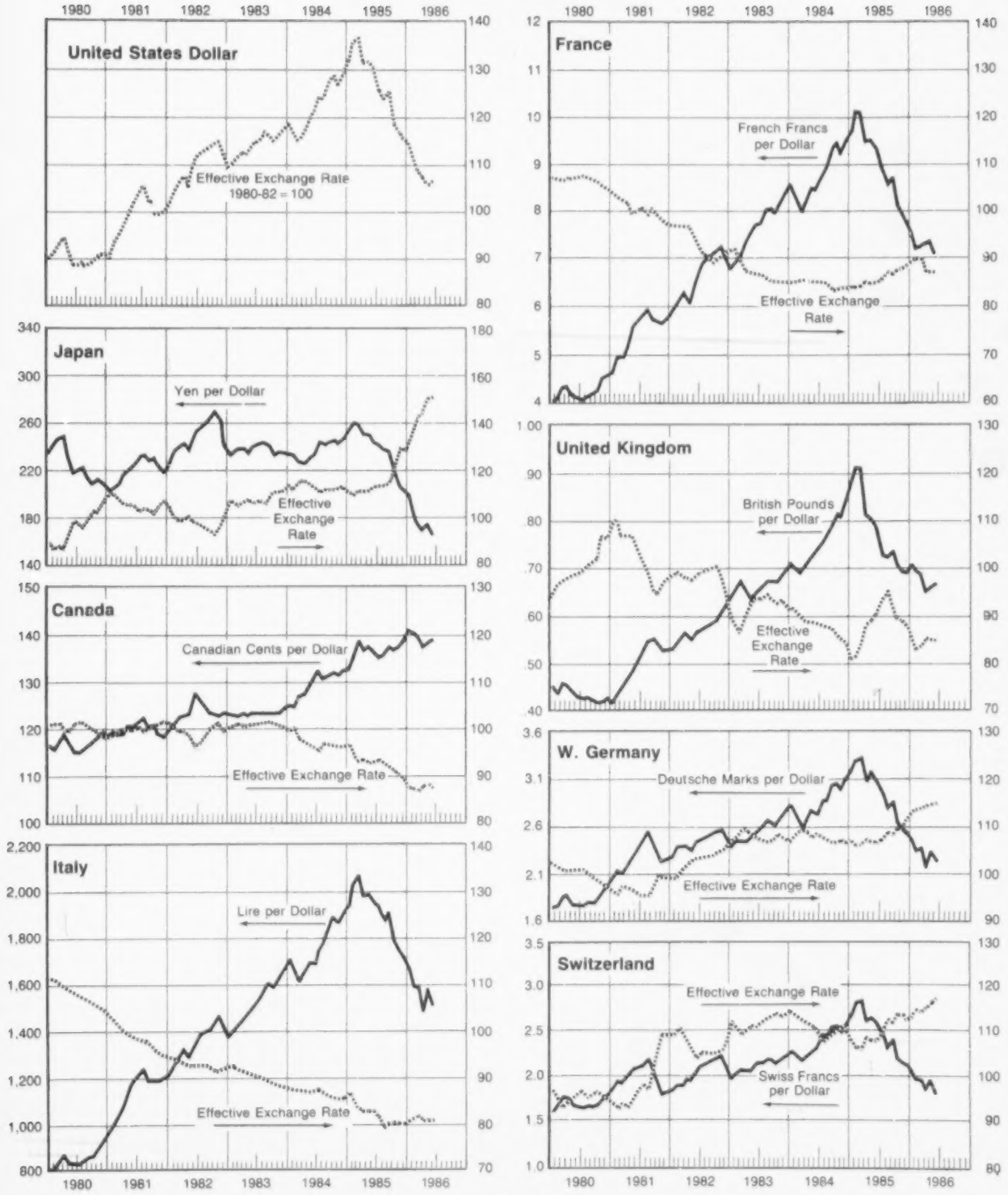
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade- using avarages weighted appreciation or depreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

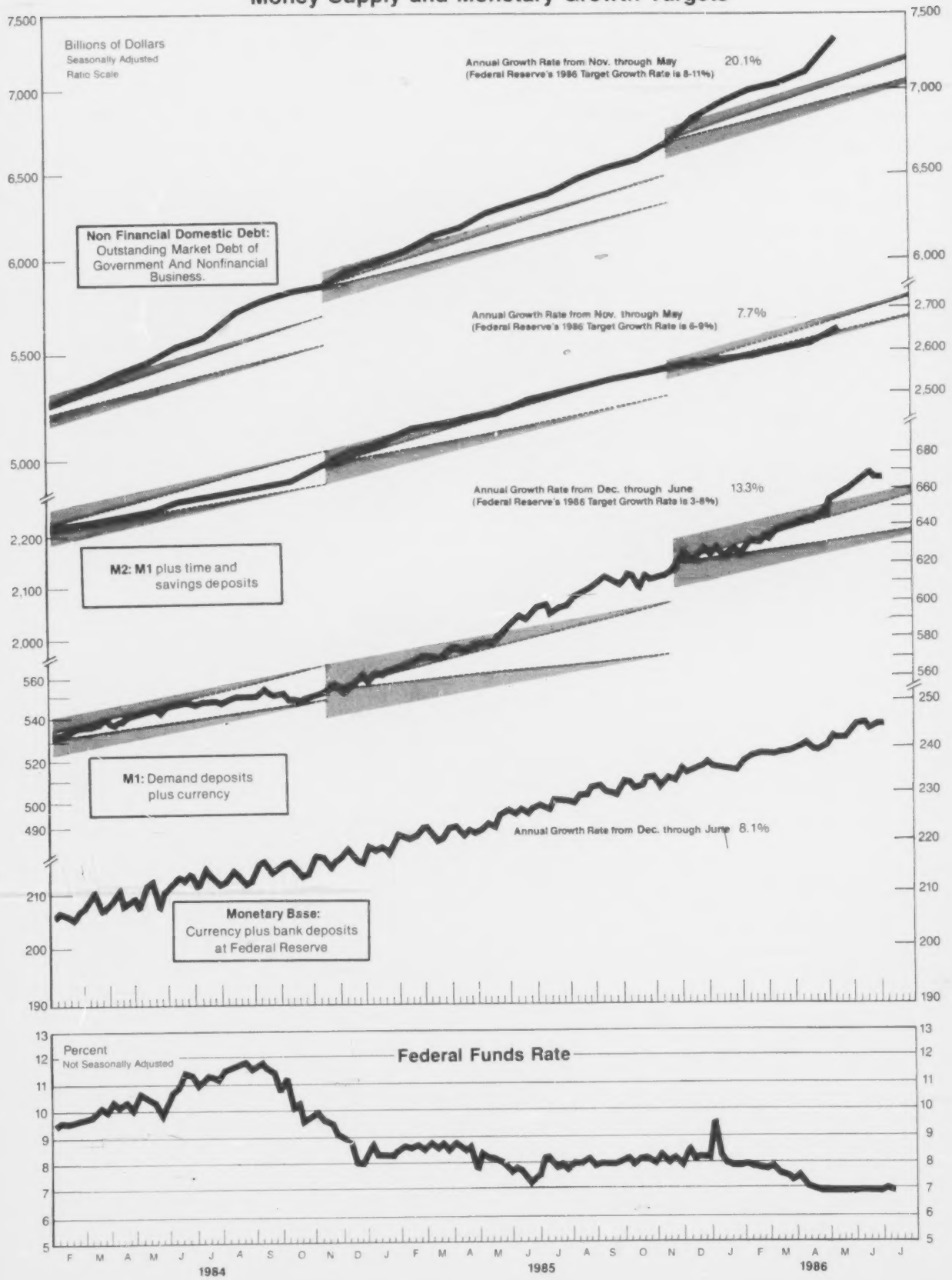
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)
Receipts	**$ 777.1**	**$ 778.7**	**$ 850.4**	**$ 849.9**	**$ 933.2**	**$ 928.1**
Outlays	**979.9**	**983.5**	**994.0**	**1,009.7**	**1,026.8**	**1,060.3**
Deficit	**-202.8**	**-204.7**	**-143.6**	**-159.7**	**- 93.6**	**-132.3**
Receipts by source	**$777.1**	**$778.7**	**$850.4**	**$849.9**	**$933.2**	**$928.1**
Individual income	353.7	354.2	386.0	385.0	425.9	422.0
Social security	280.4	280.8	302.8	302.3	335.0	333.5
Corporate income	70.9	72.2	86.7	89.4	101.2	101.2
Other receipts	72.1	71.5	74.9	73.2	71.1	71.4
Outlays by function	**$979.9**	**$983.5**	**$994.0**	**$1,009.7**	**$1,026.8**	**$1,060.3**
National defense	265.8	269.5	282.2	296.7	299.1	316.6
Social security	268.8	267.9	282.4	282.2	302.1	303.1
Income security	118.1	119.6	118.4	119.5	123.1	123.7
Health	35.7	35.6	35.0	35.1	36.7	36.8
Veterans benefits	26.6	26.7	26.4	26.5	26.9	26.9
Education & manpower	30.7	30.8	27.4	27.3	26.3	26.5
Transportation	27.1	27.5	25.5	25.6	24.1	24.3
Agriculture	25.9	30.4	19.5	21.9	19.7	23.5
International affairs	17.1	17.1	18.6	16.5	18.3	17.5
Natural resources	12.9	12.8	12.0	12.0	11.8	11.9
General science	8.9	8.9	9.2	9.1	9.3	9.4
Justice	6.8	6.8	6.9	7.1	7.0	7.2
General government	6.3	6.0	6.1	6.2	5.7	6.4
Community development	7.9	7.9	6.5	6.3	5.5	5.4
Commerce, Housing credit	3.8	4.2	1.4	3.1	3.8	4.3
Energy	4.4	4.2	4.0	4.4	4.5	4.1
Revenue sharing	6.2	5.8	1.7	1.7	1.8	1.8
Interest	142.7	139.8	148.0	144.7	145.1	152.7
Allowances	0.0	0.0	0.7	0.7	2.3	2.3
Offsetting receipts	-35.2	-37.7	-38.1	-36.8	-46.4	-44.2

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	**$4,274.0**	**$4,269.0**	**$4,629.0**	**$4,583.0**	**$4,995.0**	**$4,930.0**
Constant (1982) Dollar	**3,695.0**	**3,688.0**	**3,842.0**	**3,803.0**	**3,996.0**	**3,928.0**
Percent change in						
Current dollar	7.0%	6.9%	8.3%	7.3%	7.9%	7.6%
Constant (1982) dollar	3.4	3.2	4.0	3.1	4.0	3.3
Implicit price index	3.5	3.6	4.2	4.1	3.7	4.1
Consumer price index	3.5	3.4	4.1	4.2	3.7	4.4
91-Day T bill rate	7.3	6.8	6.5	6.7	5.6	6.4
Unemployment rate	6.7	6.7	6.5	6.7	6.3	6.5

Money Supply and Monetary Growth Targets



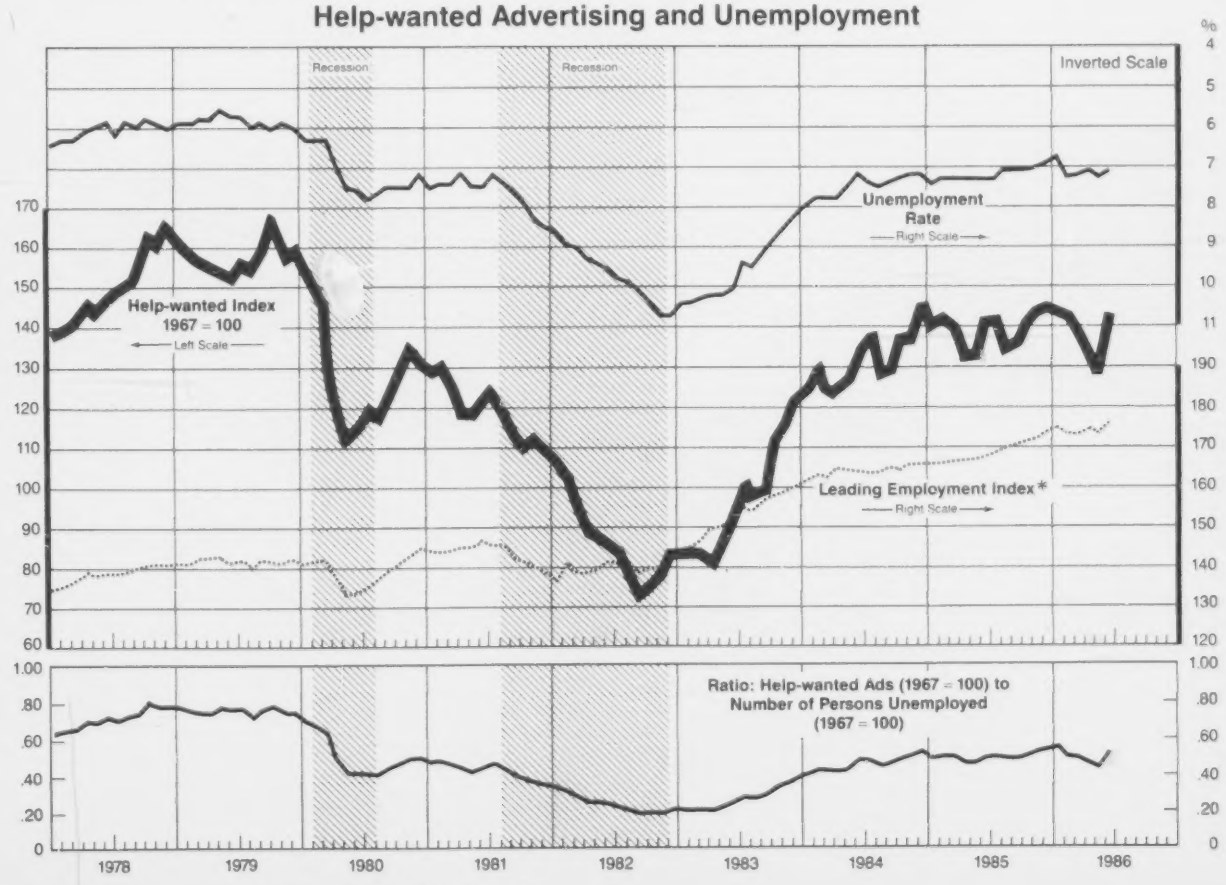
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1986 May	1986 Apr.	1986 Mar.	1985 May
National Index	128	132	138	132
New England	157	162	158	147
Boston	164	170	169	160
Hartford	164	164	160	145
Providence	125	132	120	102
Middle Atlantic	71	73	71	63
Albany	182	169	136	155
Allentown	197	189	198	158
New York	57	60	56	53
Philadelphia	59	63	62	52
Pittsburgh	75	81	88	64
Rochester	77	81	84	78
Syracuse	120	123	119	104
East North Central	86	90	91	85
Chicago	89	94	94	96
Cincinnati	140	144	141	124
Cleveland	56	59	63	56
Columbus	144	147	155	121
Dayton	82	83	85	79
Detroit	64	67	71	63
Gary	125	112	117	110
Indianapolis	101	98	90	88
Milwaukee	52	56	57	49
Toledo	114	119	116	108
West North Central	82	88	93	82
Kansas City	129	149	156	111
Minneapolis	63	67	70	73
Omaha	108	115	117	114
St. Louis	65	65	70	64
South Atlantic	177	174	189	173
Atlanta	251	263	276	276
Baltimore	195	185	210	194
Charlotte	145	152	159	130
Jacksonville	217	213	219	210
Miami	77	78	95	73r
Richmond	137	129	130	120
Washington, D.C.	167	164	182	158
East South Central	143	156	154	137
Birmingham	152	149	158	141
Knoxville	212	222	207	204
Louisville	80	74	102	89
Memphis	126	125	128	109
Nashville	190	257	211	181
West South Central	163	176	184	236
Dallas	187	202	209	322
Houston	200	224	230	284
New Orleans	95	99	104	103
Oklahoma City	108	102	115	142
San Antonio	167	178	186	213
Tulsa	117	122	137	146
Mountain	269	268	291	315
Denver	157	167	181	194
Phoenix	410	395	439	475
Salt Lake City	285	287	297	326
Pacific	190	197	211	190
Los Angeles	132	140	155	136
Sacramento	279	370	385	348r
San Bernadino	217	230	240	206
San Diego	457	459	467	426r
San Francisco	202	191	210	199
Seattle	189	192	201	179
Percentage of papers with rising volume	27%	24%	33%	45%
Unemployment rate	7.3%	7.1%	7.2%	7.3%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	59.8	70.1	81.2	81.8	85.9	87.0	87.8	89.9	92.2	93.5	96.7	104.9
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.8	96.9	96.9	99.0	97.2r	97.5p						

Buying Plans Index

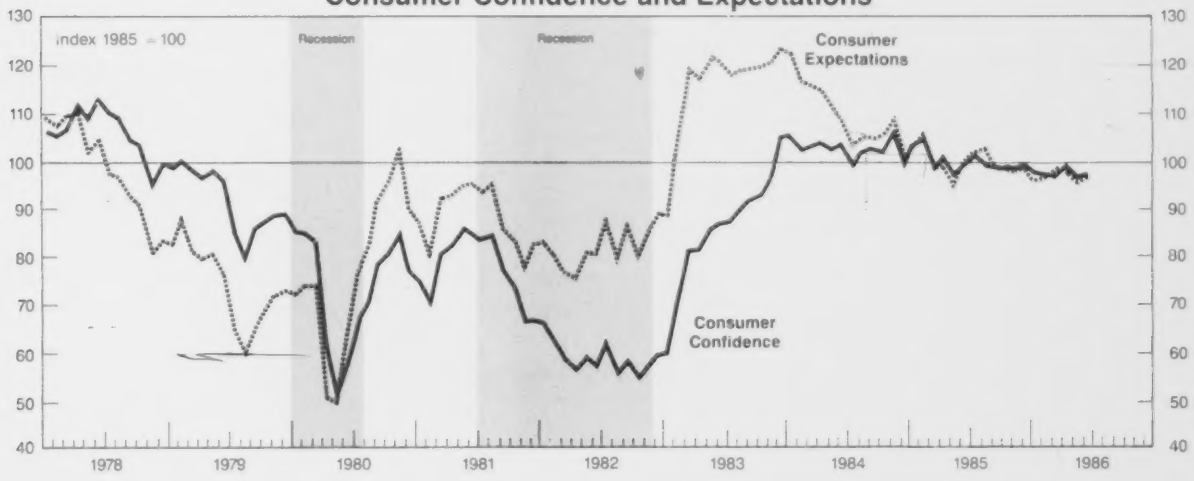
1983	71.7	71.1	77.5	85.6	84.7	89.0	94.4	85.0	101.6	102.2	99.2	99.3
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	105.6	103.9	101.9	135.3	108.9r	111.1p						

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

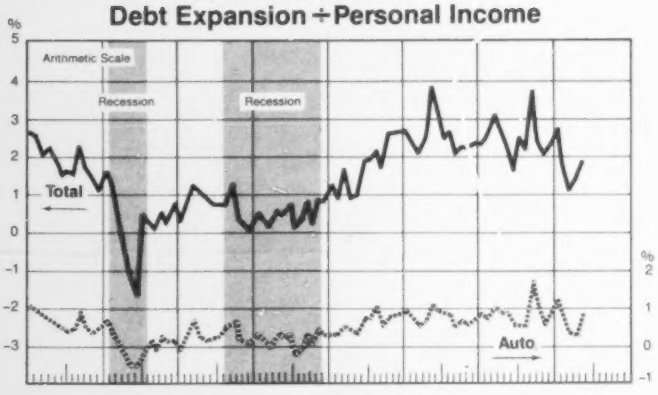
p—preliminary r—revised

Consumer Confidence and Expectations

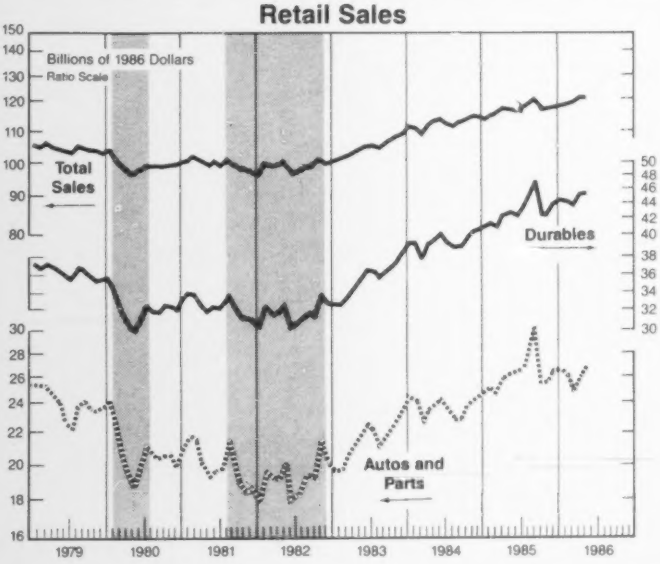


ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



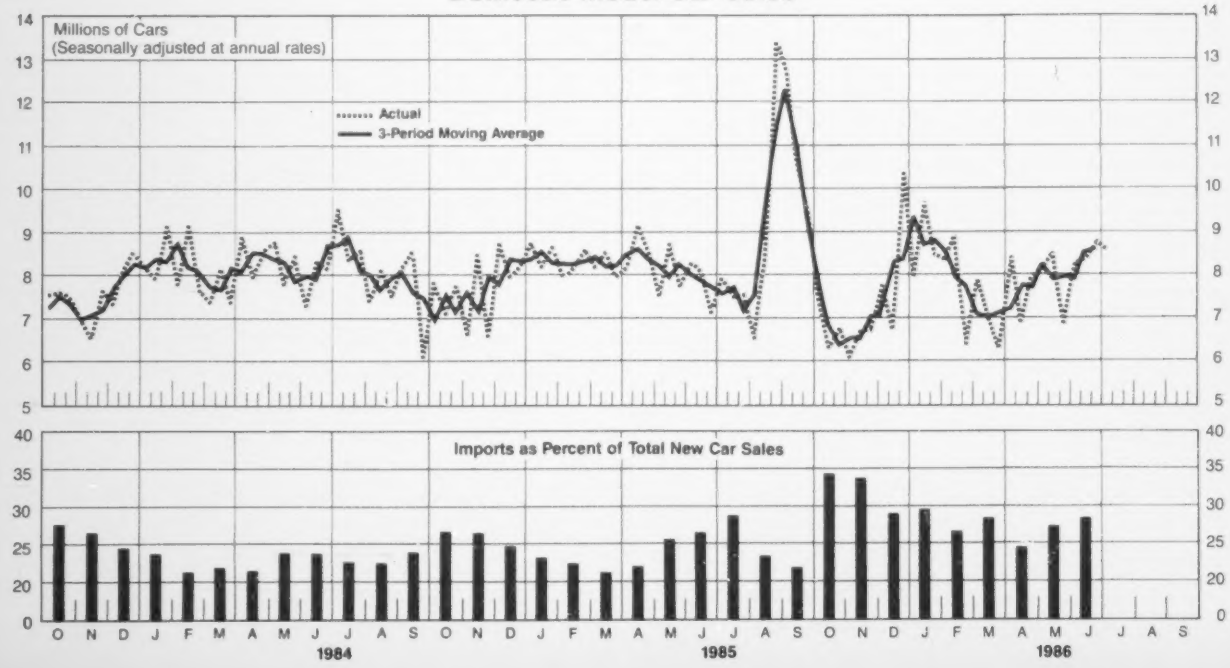
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1983	1984	1985	1986
January:	1-10	6.17	8.16	8.69	7.97
	11-20	6.20	7.84	8.15	9.63
	21-31	5.60	9.15	8.62	8.40
February:	1-10	5.86	7.79	7.97	8.32
	11-20	5.30	9.17	8.04	8.93
	21-28(29)	6.07	7.60	8.58	6.38
March:	1-10	5.61	7.35	8.14	7.81
	11-20	6.10	8.13	8.44	6.99
	21-31	6.19	7.35	7.94	6.24
April:	1-10	6.69	8.88	8.16	8.39
	11-20	6.52	7.96	9.12	6.97
	21-30	6.35	8.60	8.46	7.96
May:	1-10	6.67	8.75	7.45	8.13
	11-20	6.30	7.74	8.69	8.49
	21-31	6.97	8.43	7.70	6.86
June:	1-10	7.23	7.22	8.21	8.27
	11-20	7.34	8.25	8.02	8.38
	21-30	7.28	8.10	7.16	8.71
July:	1-10	7.25	9.51	7.89	8.59
	11-20	7.36	8.32	7.47	
	21-31	7.43	8.59	7.53	
August:	1-10	7.39	7.33	6.47	
	11-20	6.11	8.07	8.39	
	21-31	6.65	7.43	13.29	
September:	1-10	6.26	8.13	12.76	
	11-20	7.21	8.52	10.63	
	21-30	6.55	6.03	9.49	
October:	1-10	7.52	7.83	7.44	
	11-20	7.56	7.07	6.27	
	21-31	7.45	7.70	6.75	
November:	1-10	6.96	6.60	6.04	
	11-20	6.55	8.44	6.66	
	21-30	7.62	6.57	6.70	
December:	1-10	7.30	8.75	7.72	
	11-20	8.09	7.96	6.74	
	21-31	8.48	8.19	10.38	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3-Period Moving Average
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1984
1985
1986